

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Northern California Power Agency Geothermal/Hydroelectric Debt Restructuring Certificate of Instruction

MEETING DATE: June 17, 1998

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Manager be authorized to execute the Certificate of Instruction (Hydroelectric and Geothermal Projects) (attached).

BACKGROUND: As previously discussed with the Council, the City of Lodi and the other Northern California Power Agency (NCPA) Hydroelectric and Geothermal Project participants have been working for over a year to restructure project debt service payments in order to reach market based electric rates as quickly as possible.

The next document for each restructuring participants to execute is the Certificate of Instruction for the Hydroelectric and Geothermal Project debt restructuring. By execution of this document, the City of Lodi will authorize NCPA to expend funds on the City's behalf as an equity contribution at the close of sale of the 1998 bonds. It is proposed that the funds come from Lodi's share of the General Operating Reserve (GOR) and excess geothermal variable rate debt service accumulated in fiscal year 1997-98.

The current estimated total amount of contributions by the City of Lodi in support of the debt restructuring are:

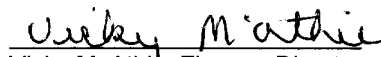
\$7,083,876 - GOR
506,953 - excess Geothermal variable rate debt service/advance budget settlement
41,420 - GOR (previously authorized Lodi-Turlock Irrigation equalization payment)
\$7,632,249 - estimated total

Previously, a contribution of up to \$7,500,000 from the GOR was authorized by the Council at the May 20, 1998 City Council Meeting. At this time the Department recommends that the total authorized amount be raised to \$7,800,000 from the two sources of funds shown above. Any funds not used will be retained in the GOR for the City's future needs.

Sufficient funds are available between the City's share of the NCPA GOR and excess Geothermal variable rate debt service/advance budget settlement.

FUNDING: City of Lodi share of the NCPA GOR and excess Geothermal variable rate debt service/advance budget settlement.

Funding Available:


Vicky McAthie, Finance Director

Prepared by: Jack Stone, Manager Business Planning and Marketing



ANV/JS/lst

C: City Attorney
Finance Director

Alan N. Vallow
Electric Utility Director

Approved


H. Dixon Flynn
City Manager

CITY COUNCIL

JACK A. SIEGLOCK, Mayor

KEITH LAND

Mayor Pro Tempore

ROBERT J. JOHNSON

STEPHEN J. MANN

PHILLIP A. PENNINO

CITY OF LODI

CITY HALL, 221 WEST PINE STREET

P.O. Box 3006

LODI, CALIFORNIA 95241-1910

(209) 333-6702

FAX (209) 333-6807

June 17, 1998

H. DIXON FLYNN

City Manager

RANDALL A. HAYS

City Attorney

ALICE M. REIMCHE

City Clerk

Mr. Dale Lain
Treasurer-Controller
Northern California Power Agency
180 Cirby Way
Roseville, CA 95678

RE: CERTIFICATE OF INSTRUCTION

Dear Mr. Lain:

The City of Lodi in consideration of the restructuring of the debt service schedules for the bonds of the Northern California Power Agency (NCPA) which financed the construction of the Geothermal Project and the North Fork Stanislaus River Hydroelectric Development Project with the 1998 Hydroelectric and Geothermal Revenue Refunding Bonds (1998 Bonds), hereby certifies that the City of Lodi directs that its funds in the amount of \$7,700,000 on hand at NCPA in the NCPA General Operating Reserve Account and any excess Geothermal variable rate debt service accumulated in fiscal year 1997-98 shall be, at or before the pricing of the 1998 Bonds, committed to, and reserved for remittance to the closing of the sale of the 1998 Bonds, and the sum of all such amounts shall be held by NCPA, and paid and expended by NCPA into the closing of the 1998 Bonds, when and if NCPA determines to close the sale of the 1998 Bonds; otherwise the sum shall be maintained by NCPA in the NCPA accounts, pending further instruction.

Sincerely,



H. Dixon Flynn
City Manager

HDF/ANV/1st

C: Manager, Business Planning & Marketing

RESOLUTION NO. 98-99

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO EXECUTE THE NORTHERN CALIFORNIA
POWER AGENCY GEOTHERMAL/HYDROELECTRIC DEBT
RESTRUCTURING CERTIFICATE OF INSTRUCTION ON BEHALF
OF THE CITY OF LODI

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BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute the Northern California Power Agency Geothermal/Hydroelectric Debt Restructuring Certificate of Instruction on behalf of the City of Lodi.

Dated: June 17, 1998

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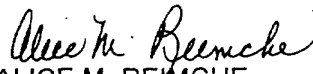
I hereby certify that Resolution No. 98-99 was passed and adopted by the Lodi City Council in a regular meeting held June 17, 1998 by the following vote:

AYES: COUNCIL MEMBERS - Land, Mann, Pennino and Sieglock (Mayor)

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - Johnson

ABSTAIN: COUNCIL MEMBERS - None


ALICE M. REIMCHE
City Clerk